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Testimony in support of:

HB 5003: An Act Concerning the Early Childhood Care and Education Fund

Senator Maher, Representative Paris, Senator Martin, Representative Dauphinais, and distinguished members of the Committee on Children:

Thank you for raising and affording me the opportunity to testify in support of House Bill 5003: An Act Concerning the Early Childhood Care and Education Fund.

The bill before you today would require my office to create a subsidy that would assist employees who work in an early care and education program with their health insurance costs. The bill provides the framework for two subsidies: one for employees that are on a High Deductible Health Plan (HDHP) and another for those who are on a traditional co-pay/ Preferred Provider Organization (PPO) plan. Employees on a HDHP would receive a percentage of their out-of-pocket costs deposited into their Health Savings Account (HSA) or Health Reimbursement Account (HRA). Those who are on a PPO plan would receive a discount on their annual premium by reducing the corresponding payroll deduction. Thankfully, my office has administered a program like the bill's proposed subsidy for paraeducators.

In 2023 and 2024, the General Assembly tasked my office to create a subsidy to assist paraeducators who were enrolled in a HDHP with their local/regional board of education. My office was allocated a total of \$5 million for the Program. Our office provided eligible paraeducators with assistance that covered roughly 70% of their out-of-pocket costs with average savings ranging from \$776.86 for individuals up to \$1,480.72 for families. These payments were disbursed into each paraeducator's HSA or HRA. 2024's program was given an additional \$5 million to also cover paraeducators who were enrolled in a PPO plan through their district along with \$5 million to continue 2023's subsidy. Paraeducators who were on these co-pay/PPO plans received a roughly 30% discount on their annual premium by reducing the corresponding payroll deduction. In total, 7,246 paraeducators received assistance on their health plans in FY 2024.

Creating a subsidy for early care and education program employees would provide an immense public benefit that would outweigh its costs. There is no question that childcare is in a time of crisis in our state. An analysis done by Classet this year found that the average childcare worker in Connecticut only makes \$17.29 an hour. While we are in the midst of an affordability crisis, this low pay has caused the state to have roughly 40,000 childcare positions unfilled. This has only exacerbated a trend of Connecticut being forced to shrink its childcare infrastructure.

Connecticut Voices for Children found that the number of childcare homes decreased by 34% from 2010 to 2023. Staffing shortages have left over 40,000 childcare spots that are unable to be filled. On top of this, Connecticut possesses the third-highest annual childcare costs in the country. The sum of these factors amounts to the state losing an estimated \$1.5 billion per year in economic activity as parents are forced to take time off or leave the workforce entirely. It is clear that early care and education program employees require more support.

Childcare workers can have an immensely positive impact on a child's development that could be felt for years. A nationwide 2023 study found a child who received high-quality early care and education enhanced a child's cognitive and social-emotional development. These outcomes became even more pronounced when looking at children with disabilities and those who come from a low-income or dual language household.

By passing HB 5003, we will send a strong message to our state's childcare workers that their government values their contributions and will do everything it can to support their work. Through my travels across the state, I have seen first-hand the transformational impact that the Paraeducator Subsidy Program has had on allowing paraeducators to afford their health insurance while also enabling them to stay in their positions. Creating a subsidy for early care and education program employees will retain our current childcare workers while also helping to recruit even more of them.

Thank you for the opportunity to testify in support of HB 5003. I look forward to working with members of the committee on this issue this session.

All the best,

A handwritten signature in black ink, appearing to read "Sean Scanlon".

Sean Scanlon

State Comptroller